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MONTANA MEDICAL - LEGAL PANEL

HELENA, MONTANA

AUDIT REPORT

FOR THE YEARS DECEMBER 31, 1990 AND 1989

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MARY BRYSON
Operations and EDP Audit
JAMES GILLETT
Financial-Compliance Audit
JIM PELLEGRINI
Performance Audit

LATIVE AUDITOR:
COTT A. SEACAT
L COUNSEL:
OHN W. NORTHEY

September 1991

The Legislative Audit Committee
of the Montana State Legislature:

Enclosed is the report on the audit of the Montana Medical-Legal Panel, Montana Supreme Court, for the year ended December 31, 1990.

The audit was conducted by Newland and Company under a contract between the firm and our office. The comments contained in this report represent the views of the firm and not necessarily the Legislative Auditor.

Respectfully submitted,

Mary Bryson

Mary Bryson
Deputy Legislative Auditor

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MONTANA MEDICAL-LEGAL PANEL

ADMINISTRATIVE OFFICIALS

G. Brian Zins	Director
Lavonne J. Arnold	Assistant Director

Newland and Company
A Professional Corporation

2900 Lexington
Post Office Box 3006
Butte, Montana 59702
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212 Missouri Avenue
Deer Lodge , Montana 59722
(406) 846-3733

Shareholders
Robert L. Crippen, CPA
Dennis W. Peck, CPA
Ronald W. Hanni, CPA
John F. Burns, CPA
Richard L. Tamblyn, CPA

CPA'S
Patrick J. Burt
Debbie Anderson Ouellette
Michael E. Johns

Of Counsel
John N. Newland, CPA
William B. Horn, CPA

INDEPENDENT AUDITOR'S REPORT

r. G. Brian Zins, Director
ontana Medical - Legal Panel
021 Eleventh Ave.
elena, Montana 59601

e have audited the accompanying statements of assets, liabilities, and surplus arising from cash transactions of the Montana Medical - Legal Panel as of ecember 31, 1990 and 1989, and the related statements of revenues collected, xpenses paid and changes in surplus arising from cash transactions for the ears then ended. These financial statements are the responsibility of the anel's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

As described in Note 1, the Panel's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and surplus of Montana Medical - Legal Panel as of December 31, 1990 and 1989, and its revenue, expenses, and changes in surplus for the years then ended, on a basis of accounting described in Note 1.

Newland and Company

NEWLAND AND COMPANY
A Professional Corporation

Dillon, Montana
August 1, 1991

MONTANA MEDICAL - LEGAL PANEL
HELENA, MONTANA

STATEMENTS OF ASSETS, LIABILITIES AND SURPLUS
ARISING FROM CASH TRANSACTIONS
DECEMBER 31, 1990 AND 1989

ASSETS

	1990	1989
t assets:		
n in bank	$ 14,837	$ 78,137
er receivables	434	295
current assets	$ 15,271	$ 78,432

LIABILITIES AND SURPLUS

s:		
plus	$ 15,271	$ 78,432
liabilities and surplus	$ 15,271	$ 78,432

See accompanying notes to financial statements.

MONTANA MEDICAL - LEGAL PANEL
HELENA, MONTANA

STATEMENTS OF REVENUES COLLECTED, EXPENSES PAID AND CHANGES IN SURPLUS
ARISING FROM CASH TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989

	1990	1989
ssessment fees	$318,246	$262,835
nterest income	8,151	10,426
iscellaneous income	622	549
Total income	327,019	273,810
xpenses:		
Telephone	7,822	5,324
Office supplies	4,774	3,319
Printing expenses	1,813	
Computer software	20,152	3,892
Postage	11,725	9,004
Record reproduction costs	19,394	12,476
Medical record and x-ray charges	8,806	6,497
Panelist hearing time	90,447	75,063
Panelist preparation and travel time	39,276	33,227
Panelist travel	40,234	30,692
Panel legal counsel	16,108	10,898
Administrative (Note 2)	120,348	100,552
Miscellaneous	9,281	10,300
Total expenses	390,180	301,244
Net income (loss)	(63,161)	(27,434)
Surplus, January 1st	78,432	105,866
Surplus, December 31st	$ 15,271	$ 78,432

See accompanying notes to financial statements.

MONTANA MEDICAL - LEGAL PANEL
HELENA, MONTANA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1990 AND 1989

Note 1. Accounting Policies

Organization

The Panel was established by the "Montana Medical Legal Panel Act", as authorized by Section 27-6-101 and 704 M.C.A. The Panel is attached to the Montana Supreme Court for administrative purposes only, except that 2-15-121 (2) M.C.A. does not apply.

Cash Basis

The Panel follows the cash basis of accounting whereby items of expense are recognized as cash is paid and revenues are recognized when cash is received.

Note 2. Related Parties

G. Brian Zins is director for both the Montana Medical Association and the Montana Medical Legal Panel.

The Montana Medical Association bills the Montana Medical Legal Panel for services provided to that organization. The billings were $120,348 and $100,552 for 1990 and 1989, respectively.

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William B. Horn, CPA

AUDITOR'S REPORT ON COMPLIANCE

G. Brian Zins, Director
tana Medical - Legal Panel
1 Eleventh Avenue
ena, Montana 59601

have audited the financial statements of the Montana Medical Legal Panel, the years ended December 31, 1990 and 1989, and have issued our report reon dated August 1, 1991. Our audit was made in accordance with generally epted accounting standards, and accordingly, included such tests of the ounting records and such other auditing procedures as we considered essary in the circumstances.

management of the Montana Medical Legal Panel is responsible for the el's compliance with laws and regulations. In connection with our audit erred to above, we selected and tested transactions and records to ermine the Panel's compliance with laws and regulations noncompliance with ch could have a material effect on the financial statements of the Panel.

specifically tested the panels compliance with funding provision provided 27-6-206, M.C.A. Our audit, as provided for in 27-6-207, M.C.A. made a ermination of the adequacy, sufficiency, and reasonableness of the annual charge or assessment provided for in 27-6-206, M.C.A. Our determination that the panel complied with the provisions of 27-6-206, M.C.A.

results of our tests indicate that for the items tested, the Panel plied with those provisions of laws and regulations and specifically 6-206, M.C.A. noncompliance with which could have a material effect on the ancial statements. Nothing came to our attention that caused us to believe t for the items not tested the Panel was not in compliance with laws or gulations noncompliance with which could have a material effect on the el's financial statements.

ewland and Company

WLAND AND COMPANY
Professional Corporation

llon, Montana
gust 1, 1991

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